

**ARIZONA STATE PARKS BOARD
TONTONATURAL BRIDGE STATE PARK
JUNE 15, 2010
MINUTES**

Board Members Present

Reese Woodling, Chairman
Tracey Westerhausen, Vice Chairman
William Scalzo
Walter Armer
Maria Baier
Alan Everett

Board Members Absent

Larry Landry

Staff Members Present

Renée Bahl, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Kent Ennis, Assistant Director, Administration
Monica Enriquez, Executive Assistant
Ellen Bilbrey, Public Information Officer
Rick Knotts, Eastern Region Manager
Steve Jakubowski, Manager, Tonto Natural Bridge State Park

Attorney General's Office

Joy Hernbrode, Assistant Attorney General

Guests

Bill Meek, President, Arizona State Parks Foundation
Billy Cordasco, former Parks Board Member

A. CALL TO ORDER - ROLL CALL - 1:00 p.m.

Chairman Woodling called the Parks Board meeting to order at 1 p.m. Roll Call indicated a quorum was present.

B. INTRODUCTIONS

1. **Board Statement** - "As Board members we are gathered today to be the stewards and voice of Arizona State Parks and its Mission Statement to manage and conserve Arizona's natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners."

The Board, Staff and guests introduced themselves. Ms. Bahl introduced Steve Jakubowski, Manager, Tonto Natural Bridge State Park. Ms. Bahl said Mr. Jakubowski had offered to lead the Board on a hike after the meeting adjourns and invited the public.

- C. **CALL TO THE PUBLIC** – Consideration and discussion of comments and complaints from the public. Those wishing to address the Board must register at the door and be recognized by the Chair. It is probable that each presentation will be limited to one person per organization. Action taken as a result of public comment will be limited to directing staff to study or reschedule the matter for further consideration at a later time.

Kenny Evans, Mayor of Payson, introduced himself. He said he has worked closely with State Parks staff for at least the last 15-months in order to keep Tonto Natural Bridge State Park open to the public. He invited the Board and Staff to take some time during their stay to hike and see the park. He said he hoped a plan could be put together to come up

with some money to create a sustainable park program. He said he would work to get his legislators to understand the significance of the parks to the economic health and vitality of the rural areas. He introduced other leaders from the area including Mayor Bill Rappaport of Star Valley, Star Valley Councilman Vern Leis, Payson Councilman John Wilson, who is also one of the Friends of Tonto Natural Bridge State Park, and Payson Councilman Rick Croy.

Also in attendance were Bob Sweetwater, volunteer, and from the Board of the Friends of Tonto Natural Bridge, John Stanton, President of the Chamber of Commerce, Pete Aleshire, Payson Roundup Reporter, and Cameron Davis, Payson Director of Tourism and Town Economic Vitality.

D. DISCUSS AND EXPLORE STRATEGIES AND OPTIONS FOR SUSTAINABLE PARKS FUNDING

Mr. Ziemann said in March of 2009, the Board and Staff began the process of readdressing the Arizona State Park's (ASP) Strategic Plan. This began when the Governor put together a Task Force on Sustainable State Parks Funding. The Task Force was chaired by Rich Dozer, who is the former President of the Arizona Diamondbacks. There were 14 members of the Task Force from both sides of the political aisle and from all over the state. Some of the members included Bill Scalzo from the Parks Board, Bill Meek from the Arizona State Parks Foundation (ASPF) and Billy Cordasco, former Parks Board member. The Task Force met about 8-9 times, published a report and presented it to the Governor. It was given to the Legislature and was supported by a report from the Morrison Institute out of Arizona State University (ASU). The report had a number of recommendations that focused on long-term sustainable funding for ASP. The principle recommendation from the Task Force was that a fee would be charged when a vehicle is registered. The Task Force looked at the range of \$9-15. In exchange, every Arizona resident with an Arizona license plate would get into ASP for free. That report was delivered to the Governor on October 30, 2009 per her Executive Order.

Mr. Ziemann said, concurrently, the Parks Board began to look at strategic planning issues, especially related to sustainable funding. A subcommittee of the Board was formed. The subcommittee included Arlan Colton, former Parks Board member, Maria Baier and Bill Scalzo. The members of the subcommittee met with Executive Staff twice and put together some ideas and background work. Then it was brought to the entire Board at two different Parks Board meetings. Mr. Ziemann said that, at that time, the Board was comfortable with the mission statement but not the vision statement. A new vision statement was crafted in October and it said: Arizona State Parks is indispensable to the economies, communities and environments of Arizona. Mr. Ziemann reminded the Board that at the June 16th meeting, the Board would have a chance to accept that, reword it or re-craft it as they would like. Ms. Baier added that the strategic plan was completed in two phases. She said the Board brainstormed ideas and it is reflected in the Board Report pages 21-34 (Attachment A). There was also an organization and refinement and the brainstorming session later.

Mr. Ziemann said the brainstorming session is shown in the SWOT analysis (list of strengths, weaknesses, opportunities, etc.) listed on those pages. Mr. Ziemann asked the Board if they would like to remove any of those listed. Ms. Westerhausen commented that she was surprised to see how many things have changed due to the political climate since October. She noted the strengths (page 23) that she felt are in doubt now. These include letter X. Current economy – people staying in the state, AA. Parks exist in perpetuity, DD. Every state has State Parks, KK. Gold mine parks that make money and K. Reputation in the public and in legislature is good overall. She said for K. reputation in the public is

good but in the legislature it is not certain. Mr. Ziemann reminded the Board that some of these were not agreed upon by all of the Board members, these were ideas thrown out in brainstorming. Mr. Scalzo noted that there is a State Park in Maricopa County, Spur Cross, though ASP does not run it. It is a partnership between ASP, Maricopa County and the Town of Cave Creek. The Town of Cave Creek voted to pay for operational costs to support the park for 60 years with an automatic 60-year renewal. He said that this is an example of the partnering that is going on, is essential and is definitely a strength. Mr. Armer added that if there is a silver lining to this budget situation, it is that rural communities throughout the state have realized what an asset their State Park is and have stepped forward to help. Ms. Westerhausen stated she thought that on page 34, under weaknesses, C. Perceived lack of urgency by appropriated bodies, this should be moved to threats. Mr. Ziemann said that page 26 shows how these were grouped under strategic issues. These were based on the strengths and weaknesses and were external factors.

Mr. Armer asked about the status of the Arizona Centennial. Mr. Ziemann answered that there are two efforts happening simultaneously. One is with the Arizona Historic Advisory Commission (AHAC). Ms. Bahl said there are some centennial projects and the effort is to put up historical markers. Mr. Ziemann said the goal of these projects is to do something that will last beyond the centennial. Ms. Bahl said the Centennial Commission is the other effort. This is focused on the actual events to celebrate the Centennial. The Commission has asked communities what events they would like to host and the Commission would sponsor those. She said the Commission is more than happy to support any events that may happen in the State Parks. ASP would have to fund the event but the Commission would help to pay for advertising.

Mr. Ziemann re-directed the discussion back to strategic planning and pointed out the list of opportunities on page 27. Ms. Westerhausen said there was a suggestion in a past Board Meeting that a promotion could be tied to a local chef in order to get some new people into the parks. Mr. Scalzo said one idea he particularly liked is the bed tax for Parks (OO). He said most communities have some form of bed tax. It could be a way for some of the cities and towns in the state to use their authority to identify resources that could then be put in for capital improvements at a number of the parks. These could be putting in more cabins and other facilities to bring more people into the parks. ASP does not have the resources to do it and it is not particularly attractive to the private sector because it is not a big money maker but it could be a tremendous asset. However, it could be done with a bed tax or energy projects. He noted that Bureau of Land Management (BLM) is going to have solar facilities. He said that is a natural resource that the state should be putting back into this state. He said the Board should look at a variety of revenue resources and not just increase fees to users. Mr. Armer commented that the legislature is firmly opposed to any tax. Mr. Scalzo said that is understood but since ASP is looking for alternatives and opportunities he wanted to mention it. Mr. Ziemann noted that "Arizona We Want: - values natural resources (A) is one that Lattie Coor, former ASU President, did a study about. He said "Arizona We Want" is going to host a series of town halls across the state. Mr. Coor has asked candidates for the legislature, governor and congress about their support for ASP. He has requested ASP to submit some questions that could be asked of the candidates. The comments from candidates would be posted on the website. That is an opportunity staff is working on through the Task Force group. These questions are coming through the ASPF since they are able to ask those questions. Mr. Scalzo said another opportunity is concessions. The Goldwater Institute has said ASP is not interested in it but there are at least 5-6 parks that have concessionaires.

Mr. Ziemann directed the conversation to the functions of ASP on page 31. He said in October the functions of State Parks were listed. The Board Members were asked to rank what they thought were most important. Mr. Ziemann said this list should be ranked again to see if there had been movement or if ASP is anchored in place. He said on pages 32-33 some strategic issues were grouped. He then said on page 34 shows the mission the Board had adopted. The vision was proposed and the Board would have the opportunity to vote on it at the June 16th meeting. Staff would work on the objectives and the measured work products and then bring them to the Board at another meeting.

Mr. Ziemann said the Task Force was called together by the Governor and they submitted their report. They have now been reconvened to get their input and bring their suggestions to the Board. They met on June 2 and were brought up to speed on the issues since they last met in October 2009. This included the last couple of special sessions of the legislature. Mr. Scalzo said the Task Force discussed a variety of things including what should Parks do next. The options are legislative referendum or citizen initiative. He said the Task Force also discussed things such as Lottery funds for Parks. Since the Heritage Fund is gone, there are other opportunities. The other main thing that was discussed was putting together a coalition as when the Heritage Fund was first passed. The coalition could include a variety of organizations and groups, for example, wildlife organizations, garden clubs and conservation organizations. These could work together for sustainable funding for State Parks but include other things as well. There was also some discussion on putting money towards campaigns for the legislature. When discussing an initiative, the Task Force thought about working with the Nature Conservancy because they have done a great job of polling and bringing issues forward in other states. He said it was identified that 153,000 signatures would be required for an initiative to get the license plate fee on the ballot. He said they thought this would cost at least \$2 million. Since State Parks does not have this kind of money, some Task Force members are looking at the companies and organizations they are involved with.

Mr. Scalzo said the Task Force also discussed the importance of polling. Mr. Meek said State Parks should reach out to many people, build a coalition similar to the Heritage Alliance Coalition and should include Game & Fish. Before a coalition is formed, a Brain Trust should be formed. The Brain Trust would analyze the options that are out there. They could figure out what players should be in the coalition and what they would want out of it. In the last legislative session, the ASPF pulled for HB 2040. This is the license plate surcharge. There are issues with that idea including the fact that constitutionality is in question. There should be some legal help to decide how best to write that to withstand attacks that might be out there. Mr. Meek suggested looking at other options as well. One is a state parks district. He said he thought a state parks district could be passed. The impact on a state parks district and whatever tax base would be used would be diminutive. He said he is not certain of the constitutional or statutory issues there are. Also the persons brought into it must be thought about carefully. There must be more research on these issues. He said he likes Mr. Scalzo's ideas. However, with the idea about renewable energy, the transportation quarters would have to be developed in order for it to work. Also Mr. Scalzo's other idea about mining and silver would take careful thought and preparation and there would definitely be opposition to it. He said his main message is that ASP must organize soon and it should be done by people not on the Parks Board. Ms. Bahl asked Mr. Scalzo if he knew of any state with a state park district. Mr. Scalzo said he does not know of any. He said the problem with parks districts is they have to identify who would be taxed in that district for the services. Ms. Baier said in addition to the Nature Conservancy there is also Trust for Public Land. They have a conservation finance program that does nothing but this type of research. They might be able to research the

statewide park districts and opportunities there. They might have this already databased. Mr. Scalzo said parks districts notoriously have a real estate tax. He said he has found that these are the most difficult tax to move forward in any part of the state because the real estate industry almost always closes that for good reason and people tend to not want to pay more real estate taxes. He said this idea has got challenges but makes good sense. Mr. Meek said it depends on whether or not it could be distinguished among taxpayers. Ms. Baier commented that realtors have blocked transfer taxes. Mr. Scalzo clarified that what he is speaking of is not a real estate transfer tax but a real estate tax on assessed value and a property tax.

Mr. Ziemann said staff had researched other states that have passed a similar vehicle license tag. Mr. Scalzo said Montana implemented theirs in 2004 with a \$4 license plate and it is opt-out. This means it is on your bill and you must opt-out through a process. In the most recent study, 88% of people with vehicles pay that voluntarily. Mr. Ziemann said the percentage has actually grown over the years. Mr. Scalzo said, in Washington state, a \$5 vehicle license plate was implemented in 2009 with an opt-out. There the state is hoping sufficient revenues would be raised. Michigan passed a vehicle license plate in 2010. It would be implemented beginning in October 2010. It would be \$10 per vehicle, \$5 per motorcycle. This one is called a recreation passport. This is an opt-in not opt-out so the citizen would have to go through a process to opt-in and is more risky because many people do not want to pay any fees. California has a proposed ballot initiative. There, signatures have been collected and submitted for verification. This would be an \$18 vehicle plate fee. This is not opt-in or opt-out but mandatory. Their partners were wildlife and ocean conservation organizations. They would also be giving grants out of this money. Mr. Scalzo said this is a particular smart way to do this because then you involve the local communities. Eligible vehicles are cars, motorcycles and RV's. He said it must be constitutional in some states and unconstitutional in other states since some states are doing this and others are not.

Mr. Armer asked if there had been conflicting legislative opinion about the constitutionality of HCR 2040. Mr. Ziemann said there is an exact precedent for what ASP is proposing. There is a \$3 clean air fee when a vehicle is paid for. This goes for buses and things not associated with the highway. All of the funds for this are spent in Maricopa and Pinal Counties. Lawyers in the House and Senate have said that if HCR 2040 is unconstitutional then the clean air fee is unconstitutional as well. He said if the clean air fee is legal, and it must be since it has been on the books for years, then the State Parks vehicle license fee should also be legal. An initiative could say that the Arizona Constitution would allow for this if the voters say it does. This issue is easily resolved but is not resolved yet. Mr. Meek said he does not believe this could be done in Arizona. He said you can't amend the constitution by writing a statute. You amend the constitution by amending the constitution. Mr. Ziemann said you could amend the constitution by having an initiative. Ms. Baier said this could be done but more signatures are required. She asked if the prohibiting provision is in the Constitution. Mr. Ziemann answered affirmatively and said the provision says that fees paid at the time of registration must be used for roads. Ms. Bahl said it lists a number of things not just roads. For instance, Arizona Highways is included there, so over time, things might have been added to expand this list but State Parks is not in there. Mr. Meek said an initiative could be done for a constitutional amendment but you cannot fix the constitution by writing it into a statutory initiative. Ms. Baier said she agreed.

Mr. Ziemann said the key issue for Board and staff is to find how to enact some form of sustainable funding. ASP needs to find a champion or a series of champions and evaluate the likelihood of success. ASP needs to find proper partners and identify funding sources. It could be this license plate idea or it could be something else that has been discussed but a plan needs to be decided upon, the entire Board should be on board and decide what strategies exist to get it enacted. Finally, evaluate costs of doing an initiative with 153,000 signatures. If the constitution needs to be amended then it takes 250,000 signatures. That would cost more and more is involved in the initiative process. The issue of whether ASP should proactively go back to the legislature or not would depend on the elections going on right now.

Ms. Bahl asked the Board to determine how broad the sustainable funding source should be. Should the funding source be just for ASP and have a direct focus or look broader with conservation and water resources and get a broader coalition but this would cost more money. Chairman Woodling asked Ms. Baier if she thought the unconstitutionality question is insurmountable. Ms. Baier said there has been state trust land reform on the ballot and the question of unconstitutionality has not been the impediment. She said getting the signatures was not the problem. When you are talking about a potential funding strategy that could be approved by the citizens or by the legislature, you must know who the opposition is and how well funded they are. For instance, if you took on the mining industry then you would be taking on large companies with a lot of money. She asked what Mr. Cordasco's perspective is.

Mr. Cordasco said about seven years when the mission statement was chosen, there was much vigor and thought that ASP should play a leadership role in the state. Identify the need as an agency to facilitate a much stronger integration with BLM, Forest Service, Cities and Counties. There seemed to be something in the management of public lands and public funding that has not clicked with the public. ASP should be much broader in its consideration. The coalition should be broader and increase the base and be bigger than what it is now. It should include all of Arizona's parks then if you do the license plate fee and become a manager of that program that facilitates all of Arizona's parks then everyone would want to opt in. ASP should think about taking a leadership role and it would take some courage to step out of the box to see where ASP could be down the road and how it could pioneer that. Ms. Baier said she thought Mr. Cordasco is on the right track. The other land management agencies have similar goals and shouldn't be resistant to this idea. In order to get something to 50% plus one at the ballot is to look more broadly and it would be the best thing for the State of Arizona. This could get passed if these entities would work together. She said going it alone and competing with other measures on the ballot would not be a successful venture.

Mr. Scalzo said the state could create a superagency such as Parks, Game & Fish and the Land Dept. and others. It could be a natural resources agency. He said if Governor's really want to reduce the cost of government then it is through that kind of coalition. Resources could be combined and departments could be divisions instead. That would take a gutsy move by an elected official. Ms. Baier said that former Gov. Fife Symington had that idea and plan and it was called Land Plan 2020. She said it is not a bad idea but it could be tricky on the ballot. Restructuring state government is a much bigger effort than trying to get some funding to keep some of these agencies going. Mr. Armer said there are two problems that have to be looked at. One is the shorter term and how to get through the next couple of years. The other is the long-term and what would sustain ASP five years from now. The "superagency" idea is a long-term solution. Ms. Westerhausen said that what ASP needed for the next two years could be approached by different parts of the

Board and the various interested entities. Ms. Bahl said the agency had the maximum it would get in the next two years. If something would be put on the ballot it would not be until the November 2012 ballot and would not take affect until after that. There would not be a revenue infusion in the next two years so what could be done in the next two years to prepare for the ballot. There are three things – one is how could the agency stay alive in the next two years, how could the November 2012 ballot change things and then the future is after that. Ms. Westerhausen said there is not much that could be done to help survive the next two years so the focus should be on the future and what could be done to help. Ms. Bahl said a direction should be chosen and start working to build it or pick the constructs of a direction. Mr. Armer said the efforts with the legislature must be to not take any more money because ASP could stay afloat if more money is not taken away.

Ms. Baier asked staff what their thoughts are on a funding source or ballot measure and whether it should be solely for Parks or a broader coalition. Ms. Bahl answered that she thought ASP would be better off with a broader coalition but maybe more parks and recreation related where a portion of the monies is passed through cities and counties and their parks and recreation departments. She said if the Board feels the agency had a better chance of getting something on the ballot by going even broader such as other conservation agencies then staff would be fine with that. Mr. Ziemann said the lesson learned from Proposition 100 that recently passed is that if you ask Arizona voters to vote on something they can readily understand, they see a direct benefit even if it is a tax, they would vote for it. That is an argument for making it as simple as possible. The reality is in order to get anything meaningfully accomplished, Parks would need players like the Nature Conservancy because their issues are much broader such as open space, water and clean air. He said the other potential coalition is the tourism industry. He reiterated what Mr. Meek said about identifying partners and then recognizing what they would want. The potential Board action, that the Board may adopt at the June 16th meeting, indicates that staff would continue to work with various partners that they have been working with and try to establish where the synergy could be between those groups and then report back to the Board.

Ms. Bahl said the vision statement would guide the strategic plan and the strategic issues, goals and objectives. The Board came up with the proposed vision statement at the Fall session at Picacho Peak. It could be amended. This is just a draft. It reads: "Arizona State Parks is indispensable to the economies, communities and environments of Arizona." Mr. Ziemann said in July 2009 was the first time the Board tackled strategic planning. At that time there was a different vision statement "Arizona State Parks should be recognized nationally and locally as an outstanding resource management organization." At that time the consensus of the Board did not like that so they asked staff to come up with new vision statement. Staff then came up with one and brought that to Picacho Peak. The Board then distilled that one and came up with the proposed vision for this meeting. He said the key word is indispensable and then the Board raised the question to what is it indispensable. Mr. Scalzo said it is simple and to the point and it could be used effectively. Ms. Westerhausen said she would take out the word "is" and use a better verb or put a dash or colon there instead because there should be a stronger word than is to go with "indispensable" and "communities." She suggested "is an indispensable engine to the economies..." Chairman Woodling suggested broadening the statement to match what the sustainable funding strategy that is not just for Arizona State Parks but for other parks as well such as city and county parks and combine everything. He suggested saying, "Arizona's parks are indispensable to the economies..." and get rid of the word "state." This would begin to broaden the thinking if a larger focus is what is agreed to. Mr. Armer said he didn't think a broader focus had been decided upon or to expand to a

superagency. Chairman Woodling said he didn't think a superagency would work in Arizona but an Arizona district might. He asked the Board if the word "state" needed to be in there or should the statement incorporate all of the parks in Arizona. Ms. Baier said she liked what Chairman Woodling said but she asked if it might create greater confusion because the Arizona State Parks Board is being tasked with creating a vision for ASP. Mr. Everett said he didn't think anyone would notice that the word state was taken out unless it was emphasized. It is implied that the vision statement is for ASP. Mr. Armer said the Board is discussing this entity right now not every park or recreational facility in the state. Chairman Woodling said when a funding source is found then ASP would be giving grants out to the local parks to develop their parks and so city and county parks would benefit from the funding source. Mr. Armer said he thought that was already included in the statement "indispensible to the economies, communities of Arizona..."

Ms. Bahl reminded the Board that ASP is more than just Parks but also includes the State Historic Preservation Office (SHPO), statewide planning, trails and things that are not found in a state park. Ms. Baier said "Arizona State Parks" now is a proper name as opposed to a category of places. If it were changed to a category of places instead then it would not be comprehensive to what the agency does. In that case the different activities or functions of the agency would have to be included in the statement whereas if the proper name "Arizona State Parks" stays then it implies the umbrella organization and all of the activities that go on. Mr. Scalzo said that is the way the Task Force looked at it. That the agency is more than just parks but a whole big system and provides a variety of things. He said when he worked for Maricopa County, it didn't concern him that there is not a park in Maricopa County, but if Maricopa County could not apply for Trails or State Lake Improvement money then it would have concerned him. He said the vision statement should be kept the way it is. It could be changed in the future. He liked that it is concise.

Chairman Woodling asked if that would get the agency a sustainable fund source. Mr. Armer said he didn't think anything in a vision statement would do that. Chairman Woodling asked then would get the agency a sustainable funding source. Mr. Armer said possibly a legislature that would work with the agency or citizens who would vote for one but something greater than a mission or vision statement. Ms. Westerhausen said she thought the proposed vision statement sounded too much like the Task Force introduction but if the word "is" is taken out then it is much more like a slogan or tagline. Ms. Baier said at the core or function of ASP is that, unlike most state agencies who provide services, parks are one thing that are permanent and the preservation of character and culture. She suggested adding to the vision statement, "Arizona State Parks preserves the culture and character of Arizona." Mr. Scalzo said he thought that was covered in the statement, "communities of..." because in Florence they see ASP as a historic facility, in Payson they see ASP preserving a natural resource. He said the communities' vision of ASP is very important as the agency moves forward and what ASP does is indispensable to those communities. That could be historic, conservation and is broad enough to be inclusive of all of those things. Chairman Woodling said to Ms. Baier that was covered in the mission statement.

Chairman Woodling asked what is the difference between a vision and mission statement. Mr. Everett said usually the vision is what you strive to be. It is how you portray yourself into the future. Mr. Everett suggested changing the vision statement to, "The preservation of Arizona State Parks is indispensable..." Ms. Westerhausen suggested working on the vision statement further in a subcommittee on the same day.

Mr. Ziemann said when reading the vision statement they should be able to read the statement and then visualize the word "therefore" and then list the things the agency will do as it goes forward. He gave some examples: therefore because ASP is indispensable it would move forward and work toward sustainable funding, reestablish grant programs for the local communities so they could continue to develop their park systems and trails. Chairman Woodling asked if aren't those goals not the vision statement. Mr. Ziemann explained that yes but the goals and objectives must tie back to the vision statement. The vision statement should justify the goals and objectives.

Mr. Everett said he liked what Ms. Westerhausen said earlier to put a colon instead of the word "is." Ms. Bahl said there couldn't be a subcommittee formed unless the meeting is adjourned. She said if there is not a consensus for the June 16th meeting, then the vision statement could be put on hold but it would delay the strategic planning process. A vision statement is needed, however, a vision statement should not be rushed into if it is not agreed upon. She reminded the Board that the vision statement does not last forever. This could be the vision statement until a sustainable funding is addressed and then the Board might want a different vision statement. She said, in fact, there should be a different vision statement at that time. Ms. Westerhausen suggested changing the vision statement to "Arizona's indispensable State Parks powers its communities, economies and environments." Mr. Armer said he liked the original one with or without the colon. Ms. Baier said she doesn't see anything fundamentally flawed with the original one. She said this could be word smithed to death. She asked the other Board members if anyone thought it was so bad that they would need to object to it. Otherwise could it be agreed upon and move forward.

E. BUDGET PRESENTATION

1. Staff will provide a presentation regarding FY 2011, FY 2012 and FY 2013 Operating Budget assumptions and proposal; FY 2011 Capital Improvement Plan; and FY 2011 State Historic Preservation Office (SHPO) Work Plan.

Ms. Bahl said she would give the Board some big picture things to think about and then Mr. Ennis would go into more details about the budget. Ms. Bahl asked the Board to be certain they agree with the assumptions, the policy issues, when they are discussed. She said most of those would change the budget if the Board disagreed with them. Since the beginning of FY 2009 (July 2008) through the next fiscal year \$71.5 million has been diverted out of ASP's coffers. It mostly goes to the general fund or to things that help benefit the general fund. Mr. Scalzo commented that this money has been diverted from projects that would be critical to the economies of cities, towns and counties of the state. Ms. Bahl said in FY 2008 (grants, capital, operating, etc.) ASP had about \$75 million from different revenue sources. Staff is now predicting for the next fiscal year in the mid \$20 million range. Currently the nine parks that have remained open are the parks that have the highest visitation. The next group of parks are open only because ASP has financial partners helping to support those parks. The next group of parks are those that are operated by another entity where there are no state parks staff. The final group of parks are those that are not open to the public.

The first policy goal is to keep parks open. The next is continuing the local operating agreements. These entities have given ASP money and it is assumed that they will continue to do so, or they would continue to operate those parks. The next assumption is that there will not be any additional sweeps or fund reductions in any legislative session for these next three fiscal years. The next assumption is that ASP would use all of the Law Enforcement Boating Safety Fund (LEBSF) money that is allowable in FY 2011. This year

about \$2 million of LEBSF has been collected and \$2 million should be collected next year. By law, \$500,000 must go to La Paz and Mohave Counties, but the rest that is brought in would be used for operating in FY 2011. Chairman Woodling asked if the law that allows ASP to use this money for operating expires in June of 2011. Ms. Bahl answered affirmatively. She said the next assumption is that there would be mid-year loss of land conservation funding by voters. That is the Growing Smarter funding. For budgeting reasons only, staff has assumed that voters would say to sweep the Growing Smarter funding to the state's general fund. Voters would decide this in November. One result of the reduced budget is that the agency will transition to more seasonal parks staff system-wide because of the number of reductions to staff that have occurred. This means that staff will not be as knowledgeable, seasonal staff do not know the history as well, they are hired seasonally for a specific park and they simply do not have as much training. Staff and the Board may hear more about this from the public and the Board should be aware of this. This shift will be non-negotiable because the agency cannot afford anything else.

Ms. Bahl said another change is the Rotunda Throne Room at Kartchner Caverns State Park that which will close October 15 through December 15. This will allow savings on operating dollars and would give the cave a chance to breathe. This, in essence, reduces the operating budget for Kartchner Caverns. The Big Room would be open during this time. One cave would always be open to the public. The Heritage Fund will be gone at the end of the next fiscal year (June 30, 2011). Staff is spending the remaining dollars in that fund so that it will not be swept. Chairman Woodling said he thought that was done in February of 2010 for capital projects. Ms. Bahl said that \$3.9 million was taken at that time but there is some residual money in the Heritage Fund for capital projects. She said that would be discussed more later when speaking about Capital Improvements. That money was used for Slide Rock and some money was set aside to use to close parks. Since some parks remained open, there is still some of that money.

Ms. Bahl said, the Tonto lease purchase payment, is a very big policy decision and one that has the most risk. It is basically a mortgage that ASP has for Tonto Natural Bridge and the last two payments would be due in the next two fiscal years. After it is paid, then ASP would own the Park. The two payments combined total about \$1 million. She said \$390,000 is due in September 2010 and then September 2011 a little more than \$600,000 would be due. There is money right now in the Heritage Fund to pay both years this fiscal year. She said this would help because ASP wouldn't have the money to pay for it next year because there would not be any capital money so it would have to come out of operating funds. Chairman Woodling asked what would happen if ASP could not make those payments. Ms. Bahl answered that the lease-purchase payment would be taken from ASP coffers. This would result in expenditures reduced and therefore layoffs and park closures would have to happen. Ms. Baier asked if Tonto had the same constraints in sale that most of the state parks have. Ms. Bahl answered that some are leases and so cannot be sold but some that are owned by ASP could be sold as a state asset. Chairman Woodling asked if the money wasn't used to pay for the Tonto lease payment then how would the money be used. Ms. Bahl answered that it would be used for additional capital projects at the parks and that would be brought back to the Board in September. She said the risk is that in FY 2012, the \$600,000 lease payment would have to come out of the Enhancement Fund. Right now that money is being used for operation of that park. Ms. Westerhausen commented that if a concessionaire comes in to run the park then they should have to repay the citizens of Arizona for the investment if they would like to run it. Ms. Bahl asked Ms. Westerhausen if she is saying that it doesn't matter what year the lease payment is being paid but that it should still be included in the cost of the park. Ms.

Westerhausen answered affirmatively. Mr. Armer added that is where the negotiations with the potential concessionaire would come into effect. Ms. Baier asked if the park is an asset of the agency or an asset of the state. Ms. Bahl answered that everything is an asset of the state. Ms. Baier asked if ASP would define the terms or if the legislature could supercede ASP's desire to define the terms. Ms. Bahl answered both. She said ASP could define the terms in a typical Request for Proposal (RFP) process, consider the different proposals and negotiate what would be best for the state and the citizens of Arizona. However, there is nothing prohibiting the legislature from taking it away. Ms. Baier said so someone could take a run in the legislature to take it away as they have with Lake Havasu. Mr. Ziemann said he expected to see a bill in the legislature next year that would privatize the park system and the Parks Board would have no control of the terms for those parks. Ms. Westerhausen said if that is the case then the Board should just go ahead and privatize the park. Ms. Baier said that Lake Havasu and Kartchner Caverns are profitable and an argument could be made that they are profitable. Tonto Natural Bridge is a distinct park because money is still owed and it is not profitable now but it could be profitable. She said that because it has the potential to make money then it should not be disposed of. Mr. Armer added that any concession that has the potential to make money is no different than a lease. The value of the property being utilized would have to be taken into account. Mr. Scalzo said in order to make Tonto Natural Bridge profitable there would have to be more capital improvements to the building to make it functional. It would also have to involve private funds. He said any RFP should include capital improvements but that it would continue to be a property of the State of Arizona. That would diminish the number of concessionaires that would want to bid on it because there would have to be major capital improvements such as an elevator because the building is not accessible. There is also a need for more cabins and other support facilities to make it more profitable. He said the Board shouldn't put itself in a box to say it is against any concession or privatization that could benefit ASP as a park system. Mr. Everett asked if staff has recommended to pay the Tonto lease payment. Ms. Bahl answered affirmatively. She added that is how the budget had been built. If the Board decided not to pay the second lease purchase payment then staff would come back with different numbers because the Board would have approved it in concept. In this case it would affect FY 2012 for the operating budget and the Enhancement Fund and staff would then come back at the September meeting with how the money from the Heritage Fund would then be spent on another project.

Ms. Bahl said in each year (FY 2011-FY 2013) \$1 million in contingency capital maintenance would be set aside out of the operating budget. It is not nearly enough. If something major happens then staff would have to figure out how to pay for it. That could result in additional cuts in existing parks and programs.

Ms. Bahl said Jerome would reopen to the public through a partnership agreement and that would be decided at the summer Board meeting. That would affect revenues and expenditures there. She said there are some parks that ASP is not financially participating in beyond the parks breaking even point. For example, at Riordan Mansion, the Arizona Historical Society operates the park and pays ASP, and at Red Rock, money that is brought into the gate is kept by ASP and Yavapai County pays the rest, and at Fort Verde, all of the money comes from the Town of Camp Verde. These parks are desperately low on staff. At Fort Verde there is only one ASP staffer who works five-days per week. When this person is sick, the park has trouble opening. Because of this, ASP should pay for a few seasonal staff members to come in during the high season to come in on-call when needed because this is becoming an operations and safety issue.

Ms. Bahl said the online reservation system that was to be completed in FY 2010 would now be completed in FY 2011. The same money is to be spent. The \$200,000 from the State Lake Improvement Fund (SLIF) would be rolled over to the next fiscal year. Mr. Armer asked if that RFP had gone out. Ms. Bahl said the RFP is being revised and would go out again the week of June 17th. Mr. Scalzo said that is an important revenue because ASP could get money earlier rather than when visitors get to the park. A cash flow would be brought in to help with the slower periods. Ms. Bahl added that an increase in visitation is also expected because people could plan their trip for places like Fool Hollow where people might not want to drive up to find there is no space. Chairman Woodling asked if there already is a reservation system in place at Kartchner Caverns. Ms. Bahl explained that there is a phone reservation system not an online reservation system there. The RFP would cover Kartchner Caverns cave tours as well as camping reservations at other parks.

Ms. Bahl said the final recommendation is to be more aggressive when spending donation dollars but staff would still spend it wisely and appropriately. She said most of the donation spending recommendations were big ones for FY 2011 and would roll over for FY 2012 and 2013.

Ms. Bahl said there are three more items specifically for FY 2012 and FY 2013. One is to maximize the Enhancement Fund revenue. Right now close to \$9 million is expected to be made. Typically not all of the money is requested or used because cash forward is needed and some is used for Development. Now every penny would be requested as an appropriation so ASP would have to manage the money better in order to have adequate cash flow and if the revenue is not coming in then staff would have to be certain more is not being spent than is being made. In FY 2012 and FY 2013 staff has assumed that the LEBSF money would not be again appropriated for operations. The final recommendation is the Kartchner Caverns line item would be eliminated. This is an administrative request. It would be rolled into the operating budget. It does not change the amount of money ASP has.

Mr. Ennis said the goal for the next two years is to have sufficient cash to operate and move forward. Appropriated funds are spent by authorization from the legislature. Non-appropriated funds are spent by authorization from the Parks Board. Legislated fund offsets, excess balance transfers (EBT's) and fund reductions and transfers (FRAT's) had previously been approved by the Board twice in the past year. These are the \$71 million of fund discussions that Ms. Bahl referred to earlier. Chairman Woodling asked if the \$9 million in revenues that is expected from the Enhancement Fund is not made then what happens. Mr. Ennis said then expenditures would have to be reduced. Ms. Bahl explained that the \$9 million is a cap. The legislature approved the cap of \$9 million. If \$5 million is earned then only \$5 million is spent but if \$12 million is earned ASP could still only spend \$9 million. Chairman Woodling asked if the amount is \$9 million for all three fiscal years. Mr. Ennis answered affirmatively and said the prediction is conservative. Mr. Ennis said the general fund in 2008 was \$8 million but has been 0 since 2009.

Mr. Ennis spoke about appropriated funds. He said the Enhancement Fund was just spoken about and would be up for debate in the legislature next year for the \$9 million. LEBSF was a one-year item and had already been discussed. The reservation surcharge is the \$3 that is charged for each reservation at Kartchner Caverns. When the online reservation system begins there would be a policy discussion over what the price of the surcharge would be and whether it would be system-wide, not just for Kartchner

Caverns. The Land Conservation Fund is the \$20 million that is received each year for matching funds from local governments for land preservation. This year's requests is expected in the next few months prior to the ballot proposition that Ms. Bahl referred to earlier. Mr. Scalzo asked if there were requests for grants for the existing monies. Mr. Ziemann said the grant applications would be due June 30th and staff would review them in the first part of July. They would then be taken to the Conservation Acquisition Board (CAB). The approval from the Board would come at the September meeting. The grant applicants know that they would have to have the local money ready prior to the election. Mr. Scalzo asked if the ballot proposition is approved then all of the money in the fund would go to the general fund. Mr. Ziemann answered affirmatively. Mr. Scalzo asked if the initiative isn't approved then that fund would continue to be there and ASP would continue to live off any interest. Ms. Bahl answered affirmatively.

Mr. Ennis spoke about non-appropriated funds. He said the Heritage Fund is the one that the legislature cut off in February and cut off permanently to ASP as of June 30, 2011. SLIF receives its money from the estimated boating gas tax and a bit of the boat license fee. Those amounts dropped sharply this last year. The Off-Highway Vehicle (OHV) Recreation Fund receives a bit of the gas tax and also the ATV decal fee that began last fiscal year. The Partnerships Fund received non-federal grants and received the money from the agreements with the local partners. The Publications Fund is money from the books and souvenirs sold at the parks. The State Parks Fund is also known as the Donations Fund. This is money from donations made at the parks. Chairman Woodling asked if that includes the money from the Arizona Highways promotion. Ms. Bahl said the money from the Arizona Highways promotion for subscriptions goes to the ASPF and not to ASP. Mr. Ennis said the Arizona Trail Fund maintains the Arizona Trail.

Mr. Ennis said the following are federal funds. The Federal Recreational Trails Fund is a partnership with Arizona Department of Transportation (ADOT) of a federal program of the motorized and non-motorized trails. The Federal Historic Preservation Fund comes from the National Parks Service (NPS). The Federal Land and Water Conservation Fund (LWCF) comes from offshore drilling. There are other smaller federal funds.

Mr. Ennis said the revenue forecast is what the Board sees every meeting. The Enhancement Fund for May was up but the Memorial Day revenues are not included in the graph included in the board packet so it is somewhat misleading. The revenues for Memorial Day weekend were up 13% from last May which was almost entirely due to park fee increases earlier in March. However, the June number will be much higher because of the rollover from May. Mr. Armer asked if visitation was up as well. Mr. Ennis answered no. He said among the parks that ASP still manage it was down 7%. The SLIF forecast is back on target. OHV, while behind a few months ago, is back on target.

Mr. Ennis said some of the highlights of the operating budgets for the next three years include the following. The total revenues for the next fiscal year would be about \$45.16 million. Appropriated funds would be \$11.4 million annually. Non-appropriated funds would be \$8.3 million annually. Federal funds would be about \$5 million. The Land Conservation Fund revenue would still be given to ASP in July, but depending on the ballot measure, it might be gone in November. Annual operating expenditures would be approximately \$18.5 million annually. The grants include the estimation of the Growing Smarter, OHV and other grants, that would be discussed later. The capital projects are exclusively the remains of the Heritage Fund and must be spent.

The source of ASP's operating funds is important because the LEBSF makes up 20% in FY 2011 and then it is gone in FY 2012 and 2013. The Land Conservation interest is also at risk. While in FY 2011 the revenue forecast is conservative, there are risks in FY 2012 and 2013. The Board had previously cancelled grants and Heritage fund projects to meet the latest round of December budget sweeps and cuts. In FY 2008, there was \$56 million distributed through grants and in FY 2011 it would be \$44 million but almost all of that is due to the Land Conservation Fund. 77% of ASP's funding for capital next year (\$7.1 million) would come from the Heritage Fund and then it would be gone. Chairman Woodling asked if that included the money from the Heritage Fund that would be used to pay for the Tonto lease payment. Mr. Ennis answered affirmatively. The total of ASP's operating funds would be \$18.5 million in FY 2011. \$12.6 million of that total would be for the Parks Division and that is two-thirds of the total operating budget. The Partnerships Division is budgeted at \$2.07 million. This division comprises Public Information, SHPO, Resources and Public Programs. The remaining \$3.73 million goes to the Administrative Division and includes agency support which comprised rent, utilities and leases.

Ms. Bahl said what is interesting to point out is that these numbers were prioritized based on the strategic plan list of priorities completed in October at Picacho Peak. Mr. Armer asked Mr. Ennis to give him, at a later date, the expenditures minus the rent, utilities, etc. Mr. Ennis said he would. He said, in the operating expenditures, personnel is \$8.8 million and that is salaries and employee related expenses, the employer benefits paid to employees which come up to almost \$13 million. The vast majority of the operating budget goes to paying for employees. There is a slight difference from what would be seen in FY 2011 than what would be seen in FY 2012 and 2013 in the Enhancement Fund. Staff is recommending that expenditures out of the Enhancement Fund only be \$5.6 million in FY 2011. In FY 2011 the LEBSF would be used for operations for that year. That would enable ASP to carry more Enhancement Fund earnings over to the following fiscal years. For non-appropriated funds the amounts are the following. The Heritage Fund is expected to keep interest earnings, OHV administrative portion that ASP is allowed to keep is \$900,000, Partnerships is \$600,000, SLIF is \$5.25 million, Publications is \$190,000, the Land Conservation interest is \$950,000. That leaves \$8.9 million for non-appropriated funds. The total of appropriated and non-appropriated funds is \$18.45 million.

Mr. Ennis said there is one more set of cuts that the legislature gave ASP in March 2010 for FY 2011. This would be \$3.1 million. Even after these cuts are made, there would be an \$18.5 million operating budget for FY 2011. There should still be \$8.7 million to carry over into FY 2012. The reason there is still a carry forward balance into FY 2012 is because of the approvals the Board has made to backfill out of the Heritage Fund and because of use of the LEBSF money. Otherwise there would not be enough money. ASP will recommend increase the appropriation for the Enhancement Fund in FY 2012 and 2013 and spend that because the LEBSF money would be gone. He said if this plan works ASP could get through FY 2012 and could end up with \$7 million in cash going into FY 2013. The same plan is estimated for FY 2013, for an ending balance of \$5.9 million. The risks are that the legislature will not go for this plan. They would argue that ASP shouldn't spend as much. ASP would be given a lower spending level approval, and like they did this year, try to sweep the difference.

Mr. Ennis said the strategy is to keep enough cash in the agency to keep it going. The operating budget by expense category shows that between FY 2009 and FY 2010 personnel expenditures have been reduced by \$5 million. There would be an operating budget of \$18.5 million available for each of the next three years and that is the recommended board action.

Mr. Ream spoke about the Capital Improvement Plan. He said, for the Buckskin Mountain and River Island project, the money is for shoreline stabilization, new restroom and shower building, water treatment system and a new well. The Jerome project is the stabilization that continues and staff hopes it would be completed in the summer. For the Lost Dutchman project, the first part of the bid is the maintenance building. There would also be the electrification of campgrounds and new restroom and shower building. Mr. Scalzo asked where the money comes from for these projects. Mr. Ream answered that most of it comes from the remainder of the Heritage Fund. It also comes from LWCF that could only be used for capital projects. There are also smaller projects at other parks. At Sonoita Creek, there is some fencing being put in as part of a grant. There is \$2.5 million from SLIF and \$3 million from the Donations Fund. This goes to Arizona Department of Environmental Quality (ADEQ) and Americans with Disabilities Act (ADA) compliance. This money must be used before the end of FY 2010. Ms. Bahl noted that if the Board chose not to pay the Tonto lease purchase payment then that would free up \$600,000 and it would be used for another project with the Board's approval. Chairman Woodling said he understood this to mean that there would be \$5.5 less for capital improvements next year than this year. Ms. Bahl answered affirmatively. Mr. Ream said each park kept its own Donations Fund and there is a total of \$525,000 and includes the Forrest and Mucklow bequests. This money is not spent on operations but is used to enhance visitor experience. It might be used for interpretive programming, ramadas, park benches or picnic tables, for example. Mr. Scalzo said the objective is to spend this money this year. Ms. Bahl said a strategy could be to spend the whole thing down. Mr. Scalzo said that is what he would do. Mr. Armer said from a general conceptual standpoint this number should be brought down. Staff could work on that and bring some conceptual ideas to the June 16th meeting. Mr. Scalzo said he agreed with Mr. Armer. He said the money should be spent at the parks before it is swept.

Mr. Ziemann said the SHPO Work Plan is something that the Board approves every year in order for ASP to get the federal appropriation. The Work Plan is basically what the SHPO group does. It changes very little from year to year. They do the state historic register, compliance work, work with the certified local governments, historic preservation plan, etc. However, the formal approval from the Board is required to get the federal appropriation. Mr. Scalzo asked how much the SHPO produces other than the federal appropriation. Mr. Ziemann said some money comes into the Publications Fund for the studies they produce. The federal grant of money precludes the SHPO from charging money for the services that they render. They could charge fees for the state property tax. That would be one place where they could charge a nominal fee for the implementation of that program. Ms. Bahl said there is a match required so it is not full cost recovery. Chairman Woodling said he had some questions about the Proposed Reorganization and Expansion of Rule R12-8-306 relating to the Historic Property Tax Program. Ms. Bahl said it could be removed from the consent agenda.

F. PRESENTATION ON "POSTCARDS FROM THE PARKS" (40-minute video).

Ms. Westerhausen motioned for the Board to watch the video on their own time. Mr. Armer seconded the motion.

G. ADJOURNMENT

Ms. Westerhausen motioned to adjourn. Mr. Armer seconded the motion. The motion passed unanimously at 5:20 p.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

APPROVED:



Reese Woodling, Chairman



Renée E. Bahl, Executive Director

**ARIZONA STATE PARKS BOARD
TONTO NATURAL BRIDGE STATE PARK
JUNE 16, 2010
MINUTES**

Board Members Present

Reese Woodling, Chairman
Tracey Westerhausen, Vice Chairman
William Scalzo
Walter Armer
Maria Baier
Alan Everett

Board Members Absent

Larry Landry

Staff Members Present

Renée Bahl, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Kent Ennis, Assistant Director, Administration
Monica Enriquez, Executive Assistant
Ellen Bilbrey, Public Information Officer
Janet Hawks, Chief of Operations
Rick Knotts, Eastern Region Manager
Robert Baldwin, Grants Coordinator

Attorney General's Office

Joy Hernbrode, Assistant Attorney General

A. CALL TO ORDER - ROLL CALL

Chairman Woodling called the Public Session to order at 9:01 a.m. Roll Call indicated a quorum was present.

B. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF

1. Board Statement - "As Board members we are gathered today to be the stewards and voice of Arizona State Parks and its Mission Statement to manage and conserve Arizona's natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners."

Mr. Everett read the Board Statement. The Board and Staff introduced themselves.

C. CALL TO THE PUBLIC – Consideration and discussion of comments and complaints from the public. Those wishing to address the Board must register at the door and be recognized by the Chair. It is probable that each presentation will be limited to one person per organization. Action taken as a result of public comment will be limited to directing staff to study or reschedule the matter for further consideration at a later time.

Claudine Mohney, Benefactors of Red Rock, spoke in support of Red Rock State Park. She said that there are still educational programs at the park including classes that meet the state standards in science education. She said 1,200 students went through the park this spring including 60 students from Brophy Prep in Phoenix. They are taught sciences including Botany, Archaeology, Biology, Geology, etc. Mr. Armer asked how long the class is. Ms. Mohney answered that it depends on the school but generally it is five hours long. Ms. Westerhausen commented that it is wonderful to have students from Brophy travel from

Phoenix and come to Red Rock. Ms. Mohnney said most of the students that come to Red Rock are not Sedona based. She said many of them come from Phoenix and from California.

D. CONSENT AGENDA – The following items of a non-controversial nature have been grouped together for a single vote without Board discussion. The Consent Agenda is a timesaving device and Board members received documentation regarding these items prior to the open meeting. Any Board member may remove any item from the Consent Agenda for discussion and a separate vote at this meeting, as deemed necessary. The public may view the documentation relating to the Consent Agenda at the Board's office: 1300 W. Washington, Suite 104, Phoenix, Arizona.

Mr. Armer made a motion to adopt items 1, 2 and 4. Mr. Scalzo seconded the motion. The motion passed unanimously.

- 1. Approve Minutes of May 19, 2010 Arizona State Parks Board Meeting**
- 2. Approve Executive Session Minutes of May 19, 2010 Parks Board Meeting**
- 3. Proposed Reorganization and Expansion of Rule R12-8-306 relating to the Historic Property Tax Program** - Staff recommends that Rule R12-8-306 be reorganized and expanded. The purpose of this rule revision is to allow the State Historic Preservation Office (SHPO) to recommend to the County assessors that they remove properties that have alterations or additions that do not meet the Standards and that the owners have significantly lowered the level of integrity. This clarification of owner responsibility with regard to maintaining a reclassified property's integrity will close a loophole in the program's administration.

Chairman Woodling stated he had some questions about item 3 and wanted to poll that. He said he wanted more explanation about the Historic Property Tax. Mr. Ziemann said there was legislation passed in 1996 that created the State Property Tax Program. He explained that it cuts in half the property tax of historic homes or homes that are part of historic districts. The logic behind the program is that residents in historic homes will pay more in yearly maintenance than residents in more modern homes. He said by having the tax burden then residents in these homes would reinvest that money into the property. The State Historic Preservation Office (SHPO) has been contacted by some members of the historic districts who have said there is concern that some people are altering the historic character of the homes and remaining on the program. He said by altering the character of the home that is ultimately denigration of the overall property values in the entire historic district. The homeowners have contacted SHPO and asked that State Parks to modify the rule. The Board Action will not change the rule but the SHPO will then go to the Governor's Review Board and there is a long process but this would start that process. Chairman Woodling asked if the Board would be asked to approve the change after the process. Mr. Ziemann answered that it is ultimately the Governor's review Board but staff will let the Board know if there are any significant changes.

Bill Scalzo: I move that the Arizona State Parks Board approve the proposed changes to Rule R12-8-306 and forward the recommendation to the Governor's Regulatory Review Board. Mr. Armer seconded the motion. The motion passed unanimously.

- 4. Consider Awarding Recreational Trails Program Funds to the Apache-Sitgreaves National Forest-Lakeside Ranger District Project – Maverick OHV Trail** – Staff recommends that the Apache-Sitgreaves National Forest – Lakeside Ranger District be awarded \$92,500 from the Recreational Trails Program Motorized Portion.

E. DISCUSSION ITEMS

1. Update on Lake Havasu State Park, Operations and Capital Development

Ms. Bahl said that she, Chairman Woodling, Mr. Scalzo and Ms. Hernbrode met with officials from Lake Havasu City. The City is concerned that the State will close the park and it is too important to their local economy to let that park close. They are also concerned that the park does not look good and visitation could decrease in the future. They have said specifically that the bathrooms are old, the park should accommodate more people and it needs more parking.

Currently the park holds about 760 parking sites. On busy weekends during the summer and holiday weekends, it fills up usually before noon and then there is a line to get in for parking. There is a wait to get in because there has to be a spot open and available for visitors to park. The Park recently expanded its parking capacity by using a dirt area that holds 70 spots that is used during special events. Once striped, this could hold 100 spots but it will remain dirt and graded so that in winter it can be used for special events.

Additionally, there is City-owned land that holds about 140 cars used for “launch and leave.” She said there is also State Trust Land that is being explored with the Land Dept. to see if there is any opportunity for parking there. The 250 spots altogether resolves most of the problems right now. There is still opportunity for the future to look at any other areas that could be used for parking. She said, however, that parking is only as good as getting onto the water. Without launch ramps to get onto the water, parking is only part of the issue.

Attendance in last fiscal year compared to this fiscal year (year to date) is about the same (last year 299,000 and this year 306,000). However, revenue is up by 13%. She said because expenditures have been cut, the net revenue to the end of May is \$214,000. She reminded the Board that there was some suggestion that the \$200,000 target amount could not be reached but it has been exceeded and June has not been counted yet. Mr. Scalzo commented that the City said they have \$2.4 million available yet they do not want to use that to use it to match the \$500,000 to improve the park. Mr. Everett asked if it would be worthwhile to put a proposal in writing to them. Ms. Bahl said that is a good idea. She said her plan is to follow-up with them in writing to let them know how many spots there are now and thanking them for the use of their lots. Ms. Bahl noted that she couldn't offer the Land & Water Conservation (LWC) money to them because the Board has to decide what to do there. However, she said she could put something in writing to them that says there are still opportunities for joint capital development.

Chairman Woodling asked if there would be another meeting for this purpose before September? Ms. Bahl answered that there will be a short meeting, over the phone, about Jerome, but not Lake Havasu. She said the Board may have already approved some improvements at Lake Havasu but if approval is still needed she will include that in the short meeting. Mr. Armer suggested presenting a proposal to the City Council in person and

may be more amenable to some of these than the Interim City Manager is. Ms. Westerhausen commented that word might spread to visitors before Ms. Bahl sent the letter to the City officials. In that case even more people would come to the park and therefore there would be more revenue. Ms. Bahl said all of that information would be included in the letter. Ms. Westerhausen asked if State Parks controls information to the press or does Lake Havasu City. Ms. Bahl responded that Lake Havasu City communicates with State Parks through the media. She said the media then typically calls her to ask for a response. Mr. Everett commented that maybe there is a way to communicate the information to the media without being confrontational.

2. State Parks Operations Status Update

Mr. Ream said this is an update on all of the parks and agreements. There are a number of parks that were never scheduled to close (Attachment A – letter A). These are parks with high visitation and high revenue. Parks that are operated by Arizona State Parks staff through partnership support (Attachment A – letter B). Some of the partners there include La Paz County (Alamo Lake), Town of Camp Verde (Fort Verde), Town of Apache Junction and Friends of Lost Dutchman State Park (Lost Dutchman), Apache County (Lyman Lake), Town of Eloy (Picacho Peak), Yavapai County, City of Sedona and Benefactors of Red Rock State Park (Red Rock), Arizona Historical Society (Riordan Mansion), Graham County, Town of Safford and Town of Thatcher (Roper Lake), and Town of Payson (Tonto Natural Bridge). Parks that are operated by partners with no State Parks staff (Attachment A – letter C). Some of the partners there include are University of Arizona and Friends of Boyce Thompson (Boyce Thompson Arboretum), City of Tombstone (Tombstone Courthouse), Santa Cruz County and Tubac Historical Society (Tubac Presidio) and City of Yuma (Yuma Territorial Prison and Yuma Quartermaster Depot). Chairman Woodling asked what the situation is with the Picket Post House? Mr. Ream responded that it is being operated and managed by University of Arizona and Boyce Thompson Arboretum, Inc. It is not open to tours. There are some special events and fundraisers that are managed by volunteers there and all revenues stay with Boyce Thompson Arboretum. Ms. Westerhausen asked about Rocking River Ranch. Mr. Ream said that is part of the Verde River Greenway. Dead Horse Ranch staff manages the Verde River Greenway. Staff is responding to calls but not patrolling.

Mr. Ream said the \$492,250 has been made in partnerships. He said this is the best option to keep parks open at this time.

F. BOARD ACTION ITEMS

- 1. Consider Endorsing an Agreement with the Town of Florence for the Operation of McFarland State Historic Park** – Staff recommends that the Arizona State Parks Board endorse the major components of the agreement with the Town of Florence for the operation of McFarland State Historic Park.

Mr. Ream said McFarland State Historic Park was the first to close with the least visitation and revenue and a high cost of operation compared with those revenues but it is important to the Town of Florence. The Town approached State Parks and proposed the building be operated partly as a museum and partly as the Main Street offices. Visitors would be able to tour the museum during their office hours five days a week. The name is retained but the revenues are retained by the Town with no State Parks staff. Ms. Westerhausen asked if they would be allowed to open McFarland for special events. Mr. Ream responded affirmatively.

Mr. Scalzo asked if Donations money or Grants money could be used for some of the capital projects needed at the parks and will the Town match the money. Ms. Bahl answered that it is not in the agreement but staff will work with the Town and look at donations, grants and the Arizona State Parks Foundation. Chairman Woodling asked if the Board was voting on what was in the packet or what was on the screen of the PowerPoint presentation. Mr. Ream said the Board is voting on what is in the packet which is giving the Director the authority to enter into the agreement but the points on the screen does show what will most likely be in the agreement.

Wally Armer: I move that the Arizona State Parks Board endorse the major components of the agreement with the Town of Florence for the operation of McFarland State Historic Park. Ms. Baier seconded the motion. The motion passed unanimously with Mr. Landry absent.

- 2. Consider Endorsing an Agreement with the City of Sedona for the Operation of the Gift Shop at Red Rock State Park** – Staff recommends that the Arizona State Parks Board endorse the major components of the agreement with the City of Sedona for the operation of the Gift Shop at Red Rock State Park.

Mr. Ream said the agreement is with the City of Sedona for the operation of the Gift Shop at Red Rock State Park. The proceeds of the Gift Shop will go to offset the \$160,000 needed to operate the park. The agreement with the City of Sedona will then be contracted to the Benefactors of Red Rock State Park to manage and provide managerial services for the operation of the Gift Shop at Red Rock State Park. The Benefactors and the City of Sedona will retain the funds. They will then use those funds to help offset the operations costs at Red Rock State Park. The term of the agreement with the City of Sedona is for one year with two additional one-year periods. The City is the contracting entity. The Gift Shop property and fixtures will remain property of the State Parks Board. Staff recommends that the Arizona State Parks Board endorse the major components of the agreement with the City of Sedona for the operation of the Gift Shop at Red Rock State Park. Chairman Woodling asked if the Benefactors are a 501(c)(3). Mr. Ream responded affirmatively.

Tracey Westerhausen: I move that the Arizona State Parks Board endorse the major components of the agreement with the City of Sedona for the operation of the Gift Shop at Red Rock State Park. Ms. Baier seconded the motion. The motion passed unanimously with Mr. Landry absent.

- 3. Consider a Grazing Agreement for San Rafael State Natural Area** – Staff recommends that the Arizona State Parks Board authorize the Executive Director or designee to negotiate and enter into an agreement for grazing activities at San Rafael State Natural Area, that is consistent with adopted Board policy (March 2006) which requires a grazing management plan and a periodic monitoring program.

Mr. Ziemann gave some background on the property of San Rafael State Natural Area. He referred to a map (Attachment B). He said it was acquired in 1999. The upper portion of the map shows a conservation easement that State Parks owns. Ross Humphreys is grazing in that area and has been for over 100 years. The bottom portion of the map has not been grazed for about 11 years and there is a fire hazard in the lower 3,557 acres. The Board action would allow the Executive Director to enter into an agreement that would allow State Parks

to do some grazing on this property pursuant to a Board adopted policy from 2006. This maintains that there must a responsible grazing management plan in place. There must also be principles for some periodic monitoring of the area as it is being grazed. The motion today would authorize the Executive Director to enter into an agreement consistent with that Board policy. He said Dan Shein, Chief, Resources Management, is down there today with a Forest Service fire expert to assess the fire danger. Mr. Armer commented that if that area has not been grazed in 11 years and it is now grazed then the grass may come back but if there is a fire then the grass will not grow back. He said it should be done as soon as possible and if there needs to be monitoring that should be no problem. Mr. Armer said he was concerned about a physical presence in and around the house and related to the illegal activities in that area since it is close to the border. He said once the fire danger is taken care of a physical presence should be the next thing that is dealt with at this park.

Bill Scalzo: I move that the Arizona State Parks Board authorize the Executive Director or designee to negotiate and enter into an agreement for grazing activities at San Rafael State Natural Area, that is consistent with adopted Board policy (March 2006) which requires a grazing management plan and a periodic monitoring program. Mr. Armer seconded the motion. The motion passed unanimously with Mr. Landry absent.

- 4. Consider Recommendations for Off-Highway Vehicle (OHV) Recreation Fund Allocations for FY 2010 and FY 2011 and Funding for the OHV Ambassador Program and Recommended OHV Projects** – Staff recommends that \$110,000 be awarded to the Bureau of Land Management (BLM) to fund the Off-Highway Vehicle Ambassador program, and that \$75,000 be allocated from the statewide OHV program for grants to expand the Off-Highway Vehicle Ambassador Program.

Staff further recommends that \$534,728 of the statewide OHV program allocation be awarded to the 14 approved projects, and that FY 2011 funds be made available as they accrue and priority projects are reviewed and recommended.

Mr. Ziemann said State Parks are the public administrators of the public education and public access of the OHV program. The monies have been accumulating through the recently passed sticker program. The monies showing in the middle of the page (Attachment C) are monies available after administrative costs have been pulled out. These are monies available for projects. There are two major components of the Board Action. The first is to expand the Ambassador Program that is run with the Bureau of Land Management (BLM). They hold events about safety instruction and teach people how to ride and where to ride. The Board Action will expand the Ambassador Program and further it with the BLM and find other partners to mirror the Ambassador Program. The second part of the motion is to approve fourteen projects that have been submitted by various OHV user groups that might be eligible for this money. The Off-Highway Vehicle Advisory Group (OHVAG) has recommended the 14 projects. Mr. Scalzo commented that the Ambassador Program is a good one and a shame that State Parks does not have the money to do it anymore but it is good that BLM is continuing the program. Ms. Westerhausen asked why State Parks is giving money the \$110,000 to the Federal Government (BLM). Secondly she asked if the \$75,000 is being given to the state component of the program or is that going the feds as well. She also asked how is it that there is money to give to OHV projects but there is not money for other grant projects. Mr. Ziemann said the reason the money goes to the Federal Government is because there is no other way to run an OHV program in the state without

working with the Federal Government. This is because the vast majority of OHV recreation is found on federal lands and thus it necessitates working with the federal land partners. Chairman Woodling asked where does the \$110,000 come from. He asked if it comes from a portion of the gas tax or does it come from the sticker fees. Mr. Ziemann answered that the OHV Fund has historically come from a portion of the gas tax attributable to OHV use and there is also some license money as well. Chairman Woodling asked if the OHV Ambassador Program is federally mandated. Mr. Ziemann answered no. Mr. Ziemann said now there is an additional source of funds for the OHV Fund. This is the \$20 sticker program that was passed a couple of years ago. That is generating revenue because OHV users are required to register their OHV and purchase a sticker each year. These two sources of funds collect into one big pot. The Legislature has estimated how much comes from the old program and that is the money they have been sweeping. The money that is left is the sticker money. This is not being touched because Rep. Jerry Weiers has worked to be certain that money is left alone. That is the money that is available for these projects. Mr. Scalzo commented that he attended one of Rep. Kavanagh's budget meetings and Rep. Kavanagh made a point of saying the Legislature is not touching that money and the Parks Board must use that money. Chairman Woodling reiterated that the money the Parks Board is giving in OHV grants is from the sticker fees and this money must be spent only on OHV projects. Chairman Woodling asked if any of this money is also going to the Land Dept. for education and grants. Ms. Baier said the Land Dept. gets 5% and uses that for maintenance. Mr. Scalzo said he has encouraged counties in the state to look at parcels and get land for this use. Ms. Westerhausen asked if the Board could theoretically use the \$500,000 for projects other than OHV. Mr. Ziemann answered that no because it is state law to use the money only for OHV projects.

Tracey Westerhausen: I move that the Arizona State Parks Board award \$110,000 to the BLM to fund the Off-Highway Vehicle Ambassador program, and that \$75,000 be allocated from the statewide OHV program for grants to expand the Off-Highway Vehicle Ambassador Program and authorize the Executive Director or designee to execute agreements. Mr. Armer seconded. The motion passed unanimously with Mr. Landry absent.

Bill Scalzo: I move that the Arizona State Parks Board award \$534,728 of the statewide OHV program allocation to the 14 recommended projects, and that FY 2011 funds be made available as they accrue and priority projects are reviewed and recommended, and authorize Executive Director or designee to execute agreements. Ms. Westerhausen seconded the motion. The motion passed unanimously with Mr. Landry absent.

Mr. Everett suggested sending a letter to Rep. Weiers and other interested parties about the motion that was passed today. Ms. Bahl said that she would do this.

5. **Consider Continued Development of Strategies for Sustainable Agency Funding -** Staff recommends that the Arizona State Parks Board formally adopt the proposed vision statement, and continue to pursue and evaluate scenarios and measures that might lead to sustainable agency funding. The Board should direct staff to assess the likelihood of establishing sustainable funding through the legislative and initiative processes, and to formally report back to the Board at its September meeting.

Mr. Ziemann said this is follow-up on the discussion from June 15, 2010. There are two Board Actions if the Board chooses these. One is to adopt the vision statement as it was adopted or any other way that the Board decides. The other action is for staff to continue scenarios for sustainable funding and report back to this Board.

Bill Scalzo: I move that the Arizona State Parks Board adopt the new vision statement ("Arizona State Parks is indispensable to the economies, communities and environments of Arizona"), and continue to pursue and evaluate scenarios and measures that might lead to sustainable agency funding. I further move the Arizona State Parks Board direct staff to assess the likelihood of establishing sustainable funding through the legislative and initiative processes, and to formally report back to the Board at its September meeting. Mr. Armer seconded the motion.

Chairman Woodling asked for discussion. Ms. Westerhausen reiterated what she said at the June 15 meeting. She said she thought the statement sounded like an introduction to a Task Force report. She said it could be made more dynamic by substituting the word "is" for a dash. Mr. Scalzo said he didn't see a reason to change it. Mr. Armer stated that if this does pass then there is no reason that it can't be changed at any time necessary. The motion passed with five votes in approval, Ms. Westerhausen against and Mr. Landry absent.

- 6. Consider Approval of the Arizona State Parks FY 2011 (Revised), FY 2012 and FY 2013 Operating Budgets** – Staff recommends that the Arizona State Parks Board Operating Budgets for FY 2011, FY 2012 and FY 2013 as lump-sum and that the Executive Director be authorized to implement the programs, including submittal to the Governor's Office and Legislature as required.

Mr. Ennis said there was some discussion on this topic at the June 15 meeting. He summarized and said there is a three-year plan. Some things to keep in mind are that there is a one-year use of the Law Enforcement Boating Safety Fund (LEBSF) money, except for \$500,000 that will be granted by law to La Paz and Mohave Counties. Also, staff recommends that a portion of the last of the Heritage Fund money be used for the final two Tonto lease payments. Mr. Armer said that the Tonto lease payment should be paid in full using those funds. It may have some negative effect to other capital projects, but it would be better to pay it than not having money available in a year. Mr. Scalzo said he agreed with Mr. Armer and it is better to have the park owned by Parks and the State of Arizona.

Wally Armer: I move the Arizona State Parks Board approve the Arizona State Parks Operating Budgets for FY 2011, FY 2012 and FY 2013 as lump-sum and that the Executive Director be authorized to implement the programs, including submittal to the Governor's Office and Legislature as required. Ms. Baier seconded the motion. The motion passed unanimously with Mr. Landry absent.

- 7. Consider Approval of FY 2011 Capital Improvement Plan** - Staff recommends that the Arizona State Parks Board approve the Arizona State Parks Capital Improvement Plan for FY 2011 as presented in Attachment-A, which includes the FY 2011 and FY 2012 Tonto Natural Bridge lease purchase payments. Staff further recommends that the Arizona State Parks Board authorize expenditures of up to \$50,000 per year from the Park and Program Donation Accounts.

Mr. Ennis said the Capital Improvement Plan is in two parts. One part is about the physical projects at the parks and the other is about the donations spending as well. Mr. Everett asked if the amount in the recommended Board action for the donation accounts could be increased. Ms. Bahl answered affirmatively. She said that amount could be increased and Mr. Ream will go over some general things to give the Board a flavor of what donations money could be spent on. She recommended bequested money not be included because she thought it a separate discussion for the Board. Mr. Ream said there are two areas where State Parks would spend donation money. One is for site improvements including picnic tables, grills, ramadas, landscaping, paint, etc. These are things staff could do themselves that could make the park better for the visitor. The second area would be for educational and exhibits visitor experience. These include audiovisual projectors, exhibits and exhibit repairs, public address (PA) systems for special events, television monitors, wildlife watering stations, and tools for volunteers to help them do their job. Ms. Westerhausen asked how much money, a ballpark figure, that there is to spend in the Donations Fund. Ms. Bahl answered about \$350,000 including the interest. This includes larger items that could be used for multi-parks and then monies to be used for park specific items. Chairman Woodling asked if the interest could be spread for out for a number of parks. Ms. Bahl answered affirmatively. She said there is a broad authority on using the interest but money donated for a specific park will be used for that park. Mr. Armer asked if the donations money has been reduced because it was supposed to have been used for park closures but was not needed as some of the parks did not close. Ms. Bahl said initially \$1.6 million of Heritage Fund not Donations Fund was set aside for park closures. Ms. Westerhausen asked if the Board authorized the entire \$300,000 amount would that provide flexibility. Ms. Bahl answered that it would provide great flexibility and would be greatly appreciated. She said realistically the entire amount would not be spent this year.

Tracey Westerhausen: I move that the Arizona State Parks Board approve the Arizona State Parks Capital Improvement Plan for FY 2011 as presented in Attachment-A, which includes the FY 2011 and FY 2012 Tonto Natural Bridge lease purchase payments. I further move that the Arizona State Parks Board authorize expenditures of up to \$300,000 per year excluding the bequest from the Park and Program Donation Accounts. Mr. Scalzo seconded the motion. The motion passed unanimously with Mr. Landry absent.

8. Consider Approval of FY 2011 State Historic Preservation Office (SHPO) Work Plan – Staff recommends the approval of the FY 2011 State Historic Preservation Office (SHPO) Work Plan.

Mr. Ziemann said Arizona State Parks needs this approved in order to get the federal allocation. Ms. Westerhausen asked for clarification. She asked if the same thing is resubmitted each year. Mr. Ziemann answered there are some slight changes in priorities of the work of the SHPO but by and large the work is the same each year. The SHPO is required to work with state and federal agencies on compliance of the National State Historic Preservation Acts. They are also responsible for the National Register program, working with local governments on federal grant programs. He said they are essentially responsible for the cultural and historic preservation of the state. Ms. Westerhausen said then this does not relate to how grants might be awarded. This is just how they operate. Mr. Ziemann answered affirmatively. Chairman Woodling asked if State Parks is required by law to pass this every year. Mr. Ziemann answered that in order to receive the federal allocation of money that funds the SHPO, the Parks Board must approve this.

Maria Baier: I move that the Arizona State Parks Board approve the State Historic Preservation Office FY 2011 Work Plan. Mr. Everett seconded the motion. The motion passes unanimously with Mr. Landry absent.

9. **Consider a Request for Proposal for the Operation of Oracle State Park** – Staff recommends the Arizona State Parks Board authorize the Executive Director to prepare and issue a Request for Proposal for the operation of Oracle State Park. Staff will provide a recommendation for contract award to the Parks Board for approval.

Mr. Ennis said that Oracle State Park closed in the past year. To date, no financial support from government entities have come forth for this park. Because of this, staff proposes to put out a request for proposal (RFP) for the operation of Oracle State Park. He said there are two parcels that comprise that park. There is a 3,500-acre portion with deed restrictions and a 220 parcel that has a conservation easement. The key requirements in the RFP are that the operator would be required to comply with the deed restrictions and conservation easements. He said this park has access to the Arizona Trail and continued unlimited access would be required of an operator of the park. The Kannally House on the property is part of National Historic Places and so compliance with the Dept. of Interior standards for Historic Places would have to be met. He said also the operator would have to comply with State Parks' standard operating procedures. These would include maintenance schedules, development project ideas, staffing levels, operating hours and fee levels. There were also educational programs offered at that park at the time of closure depending on staff summertime vacation schedules. The plan is that the RFP would be issued in 30 days and hope to have that back in 90-120 days. The best proposals will be brought back to the Board and presented for consideration and approval. Chairman Woodling asked if there was optimism that staff will receive some proposals. Ms. Bahl answered that staff does not know since this is new ground for this dept. Chairman Woodling asked if anyone has said this is something they would like to do. Ms. Bahl answered no, not yet. Mr. Armer said he knows John Cook who previously worked for the National Park Service and has experience with this to see if there is anyone staff should contact. Ms. Bahl welcomed the idea. Mr. Scalzo said the interesting thing is this could be a for profit or a non-profit organization so this is opening it up and is consistent with some issues that have been presented by certain institutes of thinking that have recommended the Board look at some form of privatization, commercialization, etc. It is a step in the right direction and he presumes staff will publicize this information. Ms. Westerhausen asked if privatization is different than sale and leaseback. Mr. Scalzo said that is correct.

Tracey Westerhausen: I move that the Arizona State Parks Board authorize the Executive Director to prepare and issue a Request for Proposal for the operation of Oracle State Park and provide a recommendation for contract award to the Parks Board for approval. Mr. Everett seconded the motion. The motion passed unanimously with Mr. Landry absent.

Chairman Woodling commented that this is a good, positive step. Ms. Westerhausen said that she hoped Cindy Krupicka would agree that this is a step forward in the right direction. Ms. Bahl said staff has been working with the Friends of Oracle State Park and they support this.

- 10. Consider Revising Fee Policy to Allow Two Pass Holder Names on Standard and Premium Annual Passes** - Staff recommends the Executive Director revise the Standard and Premium Pass policy immediately to allow for two pass holder names on each pass. Further all valid existing annual passes will be eligible to have a second pass holder added. Staff is directed to continue its efforts in pass holder verification to prevent fraudulent use.

Mr. Ream said the current standard annual pass is sold for \$75 per year and that allows entrance to all of the parks except the ones along the Colorado River. The premium annual pass is sold for \$200 and is predominantly sold in the Lake Havasu area and along the Colorado River. The people there are bringing their boats and the entrance fees are higher in those areas so Parks needed a higher-level premium pass. He said staff have received a number of comments both online and over the phone about the pass. The Board took action in November to put one pass holder name per pass. There were two reasons to do that. One was to keep the value and the other because there was some fraudulent use. Staff thought the fraudulent use would be stopped if the pass only allowed one pass holder name on it and there are now verification checks such as asking to see the person's driver license. The goal was to stop transference of the pass from one person to the other. One of the unintended consequences of that were that a husband and wife or family situation when only one person's name from the family is on the pass then the significant other was not able to use that pass because that person's specific name was not on the pass. Because of the comments staff have received, the Board is now being asked to include a second pass holder name per pass to accommodate the visitor's expected use of how that pass should be used. Staff recommends the Executive Director revise the Standard and Premium Pass policy immediately to allow for two pass holder names on each pass. Further all valid existing annual passes will be eligible to have a second pass holder added. Staff is directed to continue its efforts in pass holder verification to prevent fraudulent use.

Tracey Westerhausen: I move the Arizona State Parks Board authorize the Executive Director to revise the Standard and Premium Pass policy immediately to allow for two pass holder names on each pass. Further all valid existing annual passes will be eligible to have a second pass holder added. Staff is directed to continue its efforts in pass holder verification to prevent fraudulent use. Ms. Baier seconded the motion.

Mr. Armer called for discussion. He asked if it would be relatively simple for staff to add the second name. Ms. Bahl answered that it is relatively simple. If a pass holder came in and wanted the name added, it would be written on the existing pass. Mr. Armer commented that when he visited Patagonia Lake staff mentioned they had several complaints about that policy. He said there should be a notice at the entrance gate to let the public know. Ms. Bahl said that a press release will be sent out, and in addition, when a visitor comes to the park and uses the pass, the park rangers will remind the visitor that they are able to do this. Chairman Woodling asked if this only applies to the premium pass or the standard as well. Mr. Ream answered that it applies to both the standard and premium annual passes.

The motion passed unanimously with Mr. Landry absent.

G. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

1. Staff recommends that the next Arizona State Parks Board Meeting be on Wednesday, September 15, 2010.

Chairman Woodling said the next regular scheduled Board meeting would be on September 15, 2010.

2. Board members may wish to discuss issues of interest to Arizona State Parks and request staff to place specific items on future Board meeting agendas.

Chairman Woodling called for suggestions of the Board for agenda items for the September meeting.

Ms. Westerhausen said the Board should discuss the process for an initiative and referendum for sustainable funding. She said time is short to get an initiative ready for 2012 and it should be started as soon as possible. She asked Mr. Ziemann how much lead-time is needed to get something on the ballot in 2012. Mr. Ziemann said before you can go out and get signatures, you have to coalesce and agree on the ideas. He said the board action that was approved on the strategic plan directed staff to work on those issues. He said staff would work on those issues and come back to the Board with something more concrete. Chairman Woodling asked if September is enough time to get that completed. Mr. Ziemann said staff would work to get it completed by then. He said staff would begin to work with partners and let the Board know the status at the September meeting. Ms. Baier she thought the timing is good because constituents are having similar talks and it will give staff time to work with people to find what research has been done, what is the feasibility, etc. Ms. Hernbrode noted that this discussion should be considered under discussion item F5 (Development of Strategies for Sustainable Agency Funding). Chairman Woodling said the Board is now discussing future agenda items and they are related to matters previously discussed. Ms. Westerhausen concurred and said she is asking for a specific component of today's agenda item F5 to be discussed at the September meeting. Ms. Westerhausen said there should also be discussion on an item mentioned by Mr. Scalzo at the June 15th meeting. She said this had to do with State Parks' natural resources issues about where the placement of solar panels is going to be for major utility companies. She said the Board should start looking at that. She said not for an agenda item in September but she and Mr. Scalzo could had some discussion on that. Mr. Scalzo said these meetings should include Ms. Baier as well because of the State Land issues and because of her expertise. Mr. Scalzo said he thought that should be put on the agenda to discuss further. Mr. Armer requested staff to inform the Board of which legislators are in each of the Board members areas so they might contact them. Mr. Ziemann said one thing staff is doing is trying to set up meetings with some legislators out in the parks and the Board could be included in those meetings.

Mr. Scalzo asked if there were any photos or information on the ribbon cutting at Slide Rock State Park. Ms. Bahl said the wastewater treatment and restroom at Slide Rock was dedicated on May 26. She said about 50-60 people attended the event. She said visitors are pleased it is there and seem to appreciate it. It was dedicated in time for Memorial Day weekend. Ms. Bahl noted that Arizona State Parks won an Award of Excellence for Interpretive Programs at historic parks. Mr. Scalzo asked about another picture shown on screen. Mr. Ziemann said that it is a photo of Hayley Anderson, a 7th grader from Mesa, who on her own did some fundraising and raised money \$1,500 for the Friends of Lost Dutchman State Park. The photo

includes Hayley, Mr. Ziemann and the Mayor of Mesa. Ms. Baier asked if there is a way to give the family a pass. Mr. Ziemann said the Friends of Lost Dutchman are arranging a thank you day for Hayley in the fall. Mr. Scalzo suggested inviting her to the September Board meeting to recognize her. Ms. Bahl said staff would invite her in the fall when the Board meeting is in Apache Junction. Chairman Woodling noted that there might be a meeting sometime in the summer to deal with Jerome. He said staff would try to keep it over the phone and send an agenda and it might include other agenda items.

H. ADJOURNMENT

Mr. Armer motioned to adjourn the meeting at 11am. Ms. Westerhausen seconded the motion and the motion passed unanimously.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

APPROVED:

Reese Woodling

Reese Woodling, Chairman

Renée E. Bahl

Renée E. Bahl, Executive Director